

1 Corey M. Eschweiler, Esq.
2 Nevada Bar No. 6635
3 Adam D. Smith, Esq.
4 Nevada Bar No. 9690
5 GLEN J. LERNER & ASSOCIATES
6 4795 South Durango Drive
7 Las Vegas, Nevada 89147
8 Telephone: (702) 877-1500
9 Facsimile: (702) 933-7043
10 E-mail: ceschweiler@glenlerner.com
11 asmith@glenlerner.com
12 Attorneys for Plaintiff

13
14
15 UNITED STATES DISTRICT COURT
16
17 DISTRICT OF NEVADA

18 TRADEBAY LLC, a Nevada limited liability)
19 company,) CASE NO.: 2:11-cv-00702-ECR-PAL
20)
21 Plaintiff,) **OPPOSITION TO DEFENDANT EBAY**
22 vs.) **INC.'S MOTION TO DISMISS**
23) **PLAINTIFF TRADEBAY LLC'S**
24 EBAY, INC., a Delaware corporation,; DOES I - X,) **AMENDED COMPLAINT**
25 and ROE CORPORATIONS I - X, inclusive,)
26)
27 Defendants.)
28

19 Plaintiff Tradebay LLC (“Tradebay”) hereby files its opposition to Defendant eBay Inc.’s
20 (“eBay”) Motion to Dismiss Tradebay LLC’s Amended Complaint (“Motion”). This Opposition is
21 based upon the following memorandum of points and authorities, all of the pleadings and papers on
22 file in this action, and any oral argument allowed by the Court.

23
24 GLEN J. LERNER & ASSOCIATES
25

26 By: /s/ Adam D. Smith
27 Corey M. Eschweiler, Esq.
28 Nevada Bar No. 6635
Adam D. Smith, Esq.
Nevada Bar No. 9690
GLEN J. LERNER & ASSOCIATES
4795 South Durango Drive
Las Vegas, Nevada 89147

26
27 Attorneys for Plaintiff
28
...
...
28

1 **MEMORANDUM OF POINTS AND AUTHORITIES**2 **I. INTRODUCTION**

3 In this declaratory relief action, eBay asks the Court to dismiss Tradebay's claims based
 4 solely on a rule expressly rejected by the Ninth Circuit and the United States Supreme Court.
 5 Specifically, eBay fails in its obligation to direct the Court to binding precedent, choosing, instead,
 6 to rely upon an outdated standard employed by the Federal Circuit. The Ninth Circuit has
 7 consistently rejected that standard since it was announced, recently explaining the Federal Circuit
 8 standard requires far more than the Ninth Circuit standard. The Supreme Court made a similar
 9 finding in a case cited by eBay, but, not surprisingly, eBay fails to mention this in its Motion.
 10 eBay's reliance on an overruled standard requires denial of eBay's Motion.

11 More particularly, eBay relies on a two-part test employed by the Federal Circuit. By
 12 eBay's own admission, it only alleges Tradebay fails the second prong of the test. That second
 13 prong, however, is exactly what the Ninth Circuit disclaims, explaining only the first prong is
 14 applicable in this Circuit. The first prong requires only that Tradebay have reasonable apprehension
 15 of litigation. It can be satisfied, as it is in this case, by the defendant's claims of infringement or
 16 threats of suit. The letters attached to this Opposition and referenced in the First Amended
 17 Complaint, from eBay to Tradebay's counsel, unequivocally demonstrate eBay's claims of
 18 trademark infringement and threats of future action. On almost identical facts, the Ninth Circuit has
 19 held Tradebay has plead a sufficient case or controversy to allow a Declaratory Judgment action to
 20 proceed.

21 eBay also incorrectly states the standard this Court must follow in considering dismissal.
 22 Contrary to eBay's arguments, this Court is not bound by the allegedly heightened standards
 23 identified in *Twombly* and *Iqbal* (although those cases expressly state they are not heightening the
 24 notice pleading standards). Instead, eBay's Motion is properly considered pursuant to Fed. R. Civ.
 25 P. 12(b)(1), not 12(b)(6). In other words, in response, Tradebay must only prove this Court has
 26 jurisdiction to entertain this dispute, and is entitled to present evidence to prove jurisdiction.
 27 Tradebay has met its burden.

28 ...

1 eBay's misdirection notwithstanding, this Court is bound to follow the decisions of the Ninth
 2 Circuit and the United States Supreme Court. Those decisions have made clear Tradebay's
 3 allegations are sufficient to survive a subject matter jurisdiction challenge. As such, eBay's Motion
 4 must be denied.

5 **II. FACTUAL SUMMARY**

6 eBay's Motion fails to direct the Court to both relevant facts and controlling law. With
 7 respect to factual deficiencies, eBay's Motion is noticeably absent any discussion of eBay's threats
 8 of infringement action or eBay's challenge to Tradebay's mark. As detailed below, eBay sent its
 9 first threatening letter less than a month after Tradebay filed its first trademark application, and
 10 those threats continue to this day. Simply put, the Tradebay mark has been hotly contested by eBay,
 11 and any claims to the contrary are disingenuous, at best.

12 **A. Tradebay applies for the mark and eBay immediately threatens infringement
 13 action.**

14 Tradebay, Inc. was incorporated as a Florida corporation on August 25, 2008. Articles of
 15 Incorporation, attached hereto as Exhibit 1. On January 6, 2009, Tradebay filed its initial
 16 application with the United States Patent and Trademark Office ("USPTO"), requesting approval of
 17 its Tradebay mark. Amended Complaint, on file with this Court at Docket 11, ¶ 6. On January 30,
 18 2009, eBay's counsel sent a cease and desist letter to Tradebay's counsel. *See* January 30, 2009,
 19 letter from Bobby Ghajar to Jennifer Whitelaw, attached hereto as Exhibit 2-A; Amended
 20 Complaint at ¶ 12-13. Despite eBay's present claims that no actual case or controversy exists,
 21 eBay's letter was titled, "Tradebay, Inc.'s Infringement and Dilution of eBay's Trademark Rights."
 22 Exhibit 2-A. In the letter, eBay's counsel claims Tradebay's actions constitute "trademark
 23 infringement," and "dilute the distinctiveness of the famous EBAY mark, in violation of the Federal
 24 Trademark Dilution Revision Act of 2006 and state anti-dilution laws." *Id.* eBay demanded that
 25 Tradebay

26 (1) cease all use of the "Tradebay" mark (and any variations of that
 27 name), including use in connection with the domain name, or
 28 otherwise; (2) cease all use of any other name or mark incorporating
 the suffix BAY in connection with online marketplace or any
 ecommerce services, or any mark incorporating the mark EBAY; (3)
immediately remove all content from the trade-bay.net website and

1 refrain from selling, using, (including, but not limited to, profiting
 2 from), or otherwise transferring the trade-bay.net domain name
 3 registration; (4) expressly abandon your applications for TRADEBAY
 4 (Serial No. 77643875) and TRADEBAY HTTP://WWW.TRADE-
 5 BAY.NET WHY NOT TRADE TODAY? And Design (Serial No.
 6 77526777);¹ and (5) refrain from taking any action in the future that
 7 infringes or dilutes eBay's intellectual property rights.

8 *Id.* According to eBay, if Tradebay would "fully and promptly respond and cooperate with eBay's
 9 demands, eBay would be willing to forego further action." *Id.* eBay, then, stated that absent "full
 10 and prompt cooperation, [eBay's counsel] will take whatever actions eBay deems necessary to
 11 protect its rights." *Id.*

12 After a telephone call between counsel, Tradebay received a second letter on February 3,
 13 2009. *See* February 3, 2009, letter from Bobby Ghajar to Jennifer Whitelaw, attached hereto as
 14 Exhibit 2-B. That letter was, again, titled "Tradebay, Inc.'s Infringement and Dilution of eBay's
 15 Trademark Rights." *Id.* eBay also made similar claims that Tradebay's use of its mark "constitutes
 16 trademark infringement," and is "likely to dilute the distinctiveness of the famous EBAY mark, in
 17 violation of the Federal Trademark Dilution Revision Act of 2006 and state anti-dilution laws." *Id.*
 18 eBay, then, made similar demands as it previously made:

19 (1) cease all use of the "Tradebay" mark (and any variations of that
 20 name); (2) confirm that it does not own any corresponding domain
 21 name; (3) cease all use of any other name or mark comprised of a
 22 generic term plus the suffix BAY in connection with online
 23 marketplace or any ecommerce services – or any mark incorporating
 24 the mark EBAY; (4) expressly abandon its application for the mark
 25 TRADEBAY (Serial No. 77643875) and change its corporate name;
 26 and (5) refrain from taking any action in the future that infringes or
 27 dilutes eBay's intellectual property rights.

28 *Id.* eBay's counsel, again, threatened to "take whatever actions eBay deems necessary to protect its
 29 rights." *Id.*

30 **B. In contrast to eBay's claims of an invalid mark, the USPTO granted Tradebay's
 31 application.**

32 Despite eBay's threats, Tradebay continued with its USPTO application and its mark was
 33 approved for publication by the USPTO on January 27, 2010. Amended Complaint at ¶ 3.
 34 Tradebay's application was published March 2, 2010. *Id.* at ¶ 7. eBay filed an Opposition with the

35 ¹ Had eBay properly reviewed the applications, it would have noted that the trade-bay.net mark had been submitted by a
 36 different applicant one year earlier, and is not affiliated with Plaintiff Tradebay.

1 USPTO on April 1, 2010. *See* Opposition docket, attached hereto as Exhibit 3-A. The USPTO has
 2 not made a final decision on the Opposition, and has stayed its decision pending the outcome of this
 3 action. *Id.*

4 **C. Tradebay LLC is the holder of the mark through a conversion from Tradebay,
 5 Inc.**

6 On March 23, 2011, Tradebay filed Articles of Conversion with the Nevada Secretary of
 7 State, seeking to convert to a Nevada limited liability company, Tradebay LLC. Articles of
 8 Conversion, attached hereto as Exhibit 4. Tradebay, Inc. was converted to Tradebay LLC on March
 9 30, 2011, and, as such, is the holder of all of Tradebay, Inc.’s assets, including the Tradebay mark.
 10 *Id.*

11 **III. LEGAL ARGUMENT**

12 **A. Procedural Standard.**

13 Although eBay engages in a lengthy discussion of the Fed. R. Civ. P. 12(b)(6), the
 14 appropriate standard to determine jurisdiction is Fed. R. Civ. P. 12(b)(1). *Rhoades v. Avon
 15 Products, Inc.*, 504 F.3d 1151, 1157 n. 3 (9th Cir. 2007). Specifically, motions claiming the
 16 plaintiff has “not satisfied the jurisdictional ‘case or controversy’ requirement...in this circuit may
 17 be brought ‘only under 12(b)(1).’” *Id.* (quoting *Bland v. Fessler*, 88 F.3d 729, 732 n. 4 (9th Cir.
 18 1996)). In other words, the discussion of *Bell Atlantic Corp. v. Twombly* and *Ashcroft v. Iqbal*,
 19 while overstating the holdings of those decisions, is immaterial. Here, Tradebay must only prove
 20 this Court has subject matter jurisdiction to adjudicate the “case or controversy” alleged by
 21 Tradebay. *Rhoades*, 504 F.3d at 1157 n. 3 (defendant’s “motion to dismiss was grounded entirely in
 22 the argument that [plaintiff] had not satisfied the jurisdictional ‘case or controversy’ requirement,
 23 and such motions in this circuit may be brought ‘only under 12(b)(1)’”). “In ruling on a challenge
 24 to subject matter jurisdiction, the district court is ordinarily free to hear evidence regarding
 25 jurisdiction and to rule on that issue prior to trial, resolving factual disputes where necessary.”
 26 *Augustine v. U.S.*, 704 F.2d 1074, 1077 (9th Cir. 1983).

27 ...
 28 ...

1 **B. eBay asks the Court to apply a test that has never been precedent in the Ninth**
 2 **Circuit.**

3 eBay's entire Motion is based upon the Federal Circuit's "two-prong test to determine
 4 whether there is a case of actual controversy in declaratory judgment suits involving trademarks."
 5 Motion at p. 7, lns. 1-2. According to eBay, "[u]nder this approach, the declaratory judgment
 6 plaintiff must both have a 'real and reasonable apprehension' of litigation and it must have engaged
 7 in a course of conduct that has been brought into 'adversarial conflict' with the declaratory
 8 judgment defendant." *Id.* at p. 7, lns. 2-5. eBay concedes the first prong has been met and admits
 9 the "second prong...is the focus of the present motion." *Id.* at p. 7, ln. 6. This admission is fatal to
 10 eBay's Motion. This, because the Ninth Circuit only considers the first prong.

11 The Ninth Circuit first articulated its standard for determining whether a case or controversy
 12 exists in the patent context in 1981. *Societe de Conditionnement en Aluminium v. Hunter*
 13 *Engineering Co., Inc.*, 655 F.2d 938 (9th Cir. 1981). As the Ninth Circuit stated, "[a]n action for a
 14 declaratory judgment that a patent is invalid, or that the plaintiff is not infringing, is a case or
 15 controversy if the plaintiff has a real and reasonable apprehension that he will be subject to liability
 16 if he continues to manufacture his product." *Id.* at 944. The Ninth Circuit expressly rejected any
 17 proposed standard that "an actual threat of litigation must be made," stating that the "Constitution
 18 has a much lower threshold than this standard would suggest." *Id.* In other words, the Ninth Circuit
 19 only considers the first prong eBay admits has been satisfied.

20 **C. The same test applies to trademarks.**

21 Less than a year later, the Ninth Circuit applied the same test to trademarks. *Chesebrough-*
 22 *Pond's, Inc. v. Faberge, Inc.*, 666 F.2d 393 (9th Cir. 1982). In that case, Chesebrough filed a
 23 trademark application for the term "Match" to sell "a line of men's toiletries and cosmetics." *Id.* at
 24 395. Shortly thereafter, Faberge purchased the already established "Macho" trademark for "men's
 25 toiletries and cosmetics." *Id.* Faberge, then, sent a cease and desist letter to Chesebrough, "stating
 26 that it believed the two marks to be 'confusingly similar,' and that unless Chesebrough withdrew its
 27 application, Faberge would file opposition thereto." *Id.* Chesebrough refused, and Faberge filed its
 28 opposition with the USPTO. *Id.* After the opposition was filed, Chesebrough stopped working
 towards using the mark in commerce. *Id.* at 397.

1 While the challenge was pending with the USPTO, Chesebrough filed an action “in the
 2 district court seeking a declaratory judgment that the use of ‘Match’ would not infringe upon
 3 Faberge’s rights in ‘Macho.’” *Id.* at 395. The District Court granted summary judgment and an
 4 injunction for Chesebrough. *Id.* “Faberge appealed on the basis that the case does not present a
 5 justiciable controversy,” the same argument eBay makes here. *Id.*

6 The Ninth Circuit, initially, reaffirmed its prior ruling that the only standard is whether ““the
 7 plaintiff has a real and reasonable apprehension that he will be subject to liability.”” *Id.* at 396
 8 (quoting *Societe*, 655 F.2d at 944). The Ninth Circuit explained its reasoning as follows:

9 The practical effect of the attenuated opposition proceeding before the
 10 Patent and Trademark Office was to allow expanded marketing of the
 11 “Macho” line, while chilling Chesebrough’s efforts to market “Match”
 12 products. The threat that the action would move from the Patent and
 13 Trademark Office to the district court apparently was real enough to
 14 dissuade Chesebrough from further use of its mark, although it had
 15 made substantial investments in development and preliminary
 16 advertising of the line. Furthermore, a decision of the Patent and
 17 Trademark Office allowing the registration of Chesebrough’s
 trademark would not preclude a subsequent infringement action or be
 determinative of the issues involved. *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 802 (9th Cir. 1970). *See also Driving Force, Inc. v. Manpower, Inc.*, 498 F.Supp. 21, 25-26 (E.D.Pa. 1980). Failure of this court to resolve the dispute would force Chesebrough to
 choose between continuing to forego competition in this quickly
 expanding market, and entering the market, risking substantial future
 damages and harm to relationships with its customers and retailers.

18 *Id.* at 397. The Court, then, “conclude[d] that although there was no actual threat by Faberge that it
 19 would sue Chesebrough for trademark infringement, Chesebrough had a real and reasonable
 20 apprehension that such action would be taken,” and upheld the District Court’s ruling that “this case
 21 presented an actual controversy. *Id.*

22 **D. The Ninth Circuit expressly continues to uphold its standards.**

23 More recently, in 2007, the Ninth Circuit expressly upheld these standards. Specifically, in
 24 *Rhoades, supra*, the Ninth Circuit, again, analyzed the standard for an actual controversy to exist in
 25 a trademark action, and expressly considered the Federal Circuit standard eBay asks this Court to
 26 consider. 504 F.3d at 1154. The Ninth Circuit, first, explained “Plaintiffs were not required to wait
 27 for the completion of the TTAB proceedings before seeking declaratory relief in federal court.” *Id.*
 28 at 1154. In other words, Tradebay is well within its rights to bring this action while eBay’s

1 opposition is pending with the USPTO, just as Chesebrough was within its rights to bring a similar
 2 action.

3 Next, the Ninth Circuit considered its standard, again concluding “[a]n action for
 4 declaratory judgment that a patent or trademark is invalid, or that the plaintiff is not infringing,
 5 presents a case or controversy if the plaintiff has a real and reasonable apprehension that he will be
 6 subject to liability if he continues to manufacture his product.” *Id.* at 1157 (quoting *Hal Roach*
 7 *Studios, Inc. v. Richard Feiner & Co., Inc.*, 896 F.2d 1542, 1555-56 (9th Cir. 1990)). In reiterating
 8 its standard, the Ninth Circuit expressly considered, and rejected, the Federal Circuit standard eBay
 9 advances. “To the extent that both parties rely on the Federal Circuit’s articulation of this test,
 10 which requires an ‘explicit threat or other action by the patentee or trademark owner,’ *see Fina*
 11 *Research, S.A. v. Baroid, Ltd.*, 141 F.3d 1479, 1481 (Fed. Cir. 1998), that reliance is misplaced, as
 12 that burden is heavier than what we require.” *Id.* at 1157 n. 4. In its conclusion, the Ninth Circuit
 13 followed *Chesebrough* and upheld subject matter jurisdiction based upon challenges filed with the
 14 USPTO and allegations of infringement by the defendant. Importantly, the Ninth Circuit rejected
 15 the second prong of the Federal Circuit test – the only prong eBay relies upon.

16 **E. The United States Supreme Court has also rejected the Federal Circuit
 17 standard.**

18 Notably, eBay cannot claim ignorance of the rejection of the Federal Circuit standard as the
 19 United States Supreme Court, in a case cited by eBay, has also overruled this analysis. Specifically,
 20 during the same year the Ninth Circuit decided *Rhoades*, the United States Supreme Court also
 21 considered the applicability of the Federal Circuit standard. *MedImmune, Inc. v. Genentech, Inc.*,
 22 549 U.S. 118, 127 S.Ct. 764 (2007). In that case, Genentech demanded MedImmune pay royalties
 23 for the manufacture of a drug Genentech claimed infringed on one of its patents. *Id.* MedImmune
 24 paid the royalties under protest, and brought a court action seeking a declaration that it was not
 25 violating the patent and not responsible to pay royalties. *Id.* Genentech moved to dismiss, claiming
 26 MedImmune could not meet the Federal Circuit standard because the payment of royalties precluded
 27 a finding of an actual case or controversy. *Id.* The District Court dismissed the case based upon the
 28 Federal Circuit test, and the Federal Circuit affirmed. *Id.*

1 The Supreme Court disagreed. *Id.* The Court found it entirely unreasonable to force
 2 infringement before making a ruling. *Id.* “The dilemma posed by that coercion – putting the
 3 challenger to the choice between abandoning his rights or risking prosecution – is a ‘dilemma that it
 4 was the very purpose of the Declaratory Judgment Act to ameliorate.’” *MedImmune*, 549 U.S. at
 5 129, 127 S.Ct. at 773 (quoting *Abbott Laboratories v. Gardner*, 387 U.S. 136, 152, 87 S.Ct. 1507
 6 (1967)). Ultimately, the Supreme Court held the Federal Circuit’s test “conflicts” with Supreme
 7 Court precedent. *MedImmune*, 549 U.S. at 132 n. 11, 127 S.Ct. at 774 n. 11. As the Court noted,
 8 “[t]he rule that a plaintiff must destroy a large building, bet the farm, or (as here) risk treble
 9 damages and the loss of 80 percent of its business before seeking a declaration of its actively
 10 contested legal rights finds no support in Article III.” *MedImmune*, 549 U.S. at 134, 127 S.Ct. at
 11 775. This case is no different.

12 **F. The Federal Circuit has also recognized the rejection of its standard.**

13 In addition to citing Supreme Court precedent overruling the Federal Circuit standard on
 14 which eBay relies, eBay cites Federal Circuit caselaw recognizing the standard has been rejected by
 15 the Supreme Court. Specifically, eBay relies upon *Benitec Australia, Ltd. V. Nucleonics, Inc.* to
 16 support its allegation that Tradebay has not alleged sufficient facts to support a claim for declaratory
 17 relief. 495 F.3d 1340 (Fed. Cir. 2007). In that case, Benitec sued Nucleonics for infringement of
 18 Benitec’s patent relating to “RNA-based disease therapy.” *Id.* at 1341. Nucleonics filed a
 19 declaratory relief counterclaim seeking to invalidate the patent on various grounds. *Id.* Nucleonics
 20 subsequently engaged in discovery that would most likely have led to invalidation of the patent. *Id.*
 21 As a result, Benitec moved to dismiss its own complaint for infringement. *Id.* at 1343. The District
 22 Court granted that motion and dismissed Nucleonics’ counterclaim for declaratory relief because
 23 there was no longer a dispute regarding whether Nucleonics could engage in the allegedly infringing
 24 activity. *Id.*

25 After the Federal Circuit held oral argument, the Supreme Court entered its decision in
 26 *MedImmune*. *Id.* The Federal Circuit requested additional briefing. *Id.* Ultimately, the Federal
 27 Circuit found the Supreme Court expressed “disapproval” of the Federal Circuit standard, and
 28 implemented a new standard. *Id.* Under that standard, the Federal Circuit found, at the time the

1 declaratory relief action was filed, jurisdiction was proper. *Id.* at 1345. Only once Benitec dropped
 2 its challenge and agreed not to sue Nucleonics for infringement did the Court find jurisdiction no
 3 longer existed. *Id.* That decision has no bearing on this action where eBay has never retracted its
 4 threats to sue. More importantly, however, *Benitec* demonstrates eBay relies upon a standard it
 5 knows was rejected by the Supreme Court. eBay cannot claim ignorance its standard was
 6 overturned as it cites both the Supreme Court case rejecting it and a Federal Circuit case recognizing
 7 that rejection. Simply put, eBay has not properly addressed the law governing its Motion, and the
 8 Motion must be denied.²

9 **G. This action presents an “actual controversy.”**

10 Even if eBay had cited controlling precedent, Tradebay’s complaint presents an “actual
 11 controversy” within the meaning of the caselaw. Specifically, almost immediately after Tradebay
 12 filed its trademark application, eBay sent a cease and desist letter. If Tradebay refused eBay’s
 13 demands, eBay threatened to “take whatever actions eBay deems necessary to protect its rights.”
 14 Exhibit 2-A. eBay reaffirmed the identical threat a few days later. Exhibit 2-B. Once Tradebay’s
 15 application was accepted for publication, eBay opposed it in the USPTO. Exhibit 3-A. These facts
 16 are nearly identical to *Chesebrough*. In both cases, the defendant sent a cease and desist letter
 17 almost immediately after an application was filed. Both letters claimed trademark infringement and
 18 further action, although neither expressly mentioned litigation. Both defendants, then, filed
 19 oppositions with the USPTO, and both plaintiffs moved for declaratory relief while the oppositions
 20 were pending. At the same time, both plaintiffs were unable to enter the market while both
 21 defendants were able to further strengthen their brands. Based upon those identical facts, the Ninth
 22 Circuit upheld jurisdiction over Chesebrough’s declaratory relief action. The same decision must be
 23 made here.

24 Moreover, the facts plead by Tradebay certainly meet the Ninth Circuit standard that
 25 Tradebay have a “real and reasonable apprehension that [it] will be subject to liability if [it]
 26

27
 28 ² eBay may address controlling law in a reply. This is an improper litigation tactic intended to ambush Tradebay.
 eBay’s failure to cite controlling law in its Motion requires denial.

1 continues to manufacture [its] product.”³ *Rhoades, supra*, 504 F.3d at 1157. As the Ninth Circuit
 2 has noted, “failure of this court to resolve the dispute would force [Tradebay] to choose between
 3 continuing to forego competition in this quickly expanding market, and entering the market, risking
 4 substantial future damages and harm to relationships with its customers and retailers.”
 5 *Chesebrough, supra*, 666 F.2d at 397. The Supreme Court has expressed the same standard: the
 6 choice between abandoning [Tradebay’s] rights or risking prosecution – is a ‘dilemma that it was
 7 the very purpose of the Declaratory Judgment Act to ameliorate.’” *MedImmune, supra*, 549 U.S. at
 8 129, 127 S.Ct. at 773 (quoting *Abbot Laboratories v. Gardner*, 387 U.S. 136, 152, 87 S.Ct. 1507
 9 (1967)). Tradebay cannot be forced to choose between proceeding with its launch and risking
 10 infringement, or never entering the market. In fact, this appears to be the intent of eBay’s cease and
 11 desist letters – to avoid competition. As the Ninth Circuit and the Supreme Court have held,
 12 Tradebay is not required to sit idly by while eBay reaps rewards from a lucrative market. It cannot
 13 stifle competition in the name of trademark law. Instead, this Court must quickly determine whether
 14 Tradebay’s mark infringes on eBay’s mark so the parties may proceed with piece of mind.

15 **H. eBay is well aware of the steps Tradebay has taken to secure the mark.**

16 eBay’s Motion insinuates Tradebay has taken no steps towards using the mark, and pretends
 17 the parties have had no communication. Neither is true. As demonstrated by Exhibit 3-A, the
 18 parties have spent much time and effort before the USPTO arguing over the mark. This is akin to
 19 the three years Chesebrough spent fighting for its mark before seeking declaratory relief.
 20 *Chesebrough*, 666 F.2d at 395. Also, like Chesebrough, Tradebay does not need to be actively
 21 using the mark to sue for declaratory relief. Instead, eBay’s threats, intended to chill Tradebay’s
 22 use, are sufficient to demonstrate an actual case or controversy.

23 eBay also ignores those threats and all of the parties’ communications, although some are
 24 detailed in the complaint. Importantly, Tradebay includes specific allegations regarding eBay’s
 25 threats and claims of infringement. Although eBay may choose to ignore its prior conduct, the
 26 Court cannot.

27
 28 ³ It is possible this test is even more stringent than the Supreme Court standard, but, at a minimum, Tradebay meets the more stringent Ninth Circuit Standard.

1 **I. eBay's citation to cases involving the same mark is misleading.**

2 The specific Federal Circuit cases chosen by eBay are also misleading. In particular, eBay
 3 cites cases involving use of the same mark, as opposed to cases involving allegedly similar marks.
 4 In other words, eBay's citations involve a plaintiff asking the Court to approve use of an identical
 5 mark based upon alleged genericness. In those cases, the plaintiff asks the Court to approve use of
 6 the defendant's mark, without the plaintiff taking any actual steps to use that mark. This situation is
 7 wholly different from allegations that a plaintiff's mark, obtained in a lengthy USPTO process, is
 8 similar to a defendant's mark.

9 *Windsurfing Int'l, Inc. v. AMF Inc.*, is a representative example of the differences. 828 F.2d
 10 755 (Fed. Cir. 1987). In that case, AMF sought an opinion from the Court that it could use
 11 Windsurfing's "windsurfer" mark, based upon an allegation that the mark had become generic. *Id.*
 12 AMF intentionally did not use the mark and took no steps towards using it. *Id.* In other words,
 13 AMF simply sought an advisory opinion regarding Windsurfing's mark. While the United States
 14 Supreme Court has rejected the standard employed in that action, even the facts are easily
 15 distinguished.

16 Here, Tradebay has already taken action, beginning with the filing of its application.
 17 Tradebay has, since, engaged in a lengthy battle with eBay, steps the Ninth Circuit has found
 18 sufficient to meet the case or controversy requirement. Unlike AMF, Tradebay is not simply asking
 19 the Court if it can use eBay's mark, it is asking the Court if it can use its own mark. eBay's
 20 factually dissimilar cases from the Federal Circuit are not only non-binding and based upon
 21 overturned precedent, they are not even instructive on their facts.

22 **J. eBay's allegation that Tradebay does not have rights in the mark is a red**
 23 **herring.**

24 Throughout its Motion, eBay alleges Tradebay LLC is not the holder of the mark. This
 25 argument is most likely intended to distract from eBay's incorrect statements of the law and facts.
 26 Under Florida law, where Tradebay, Inc. was incorporated, and under Nevada law, where Tradebay
 27 LLC was formed, the resulting entity in a conversion is, for all purposes, the "same entity" as the
 28 initial entity and owns all of its assets.

1 Specifically, a Florida corporation that has been converted into a foreign limited liability
2 company “is for all purposes the same entity that existed before the conversion.” Fla. Stat. §
3 607.1114(1) (emphasis added). “The title to all . . . property, or any interest therein, owned by the
4 [Florida] corporation at the time of its conversion into the [foreign LLC] remains vested in the
5 converted entity without reversion or impairment by operation of this chapter.” *Id.* at subs. (2).
6 “Any claim existing or action or proceeding pending by or against any [Florida] corporation that is
7 converted into [a foreign LLC] may be continued as if the conversion did not occur.” *Id.* at subs.
8 (4).

9 Nevada law is no different. “The conversion is a continuation of the existence of the
10 constituent entity.” NRS 92A.250(3)(b). “The title to all real estate and other property owned by
11 the constituent entity is vested in the resulting entity without reversion or impairment.” *Id.* at subs.
12 (3)(c).

13 Tradebay Inc., the registrant of the Tradebay mark, was lawfully converted from a Florida
14 corporation to a Nevada limited liability company by filing a Florida Conversion with the Florida
15 Secretary of State and a Nevada Conversion with the Nevada Secretary of State. *See* Exhibit 4. The
16 Secretaries of State of Nevada and Florida recognize the lawful conversion of Tradebay Inc. to
17 Tradebay LLC. *Id.* Accordingly, Tradebay LLC is the “same entity” as, and a “continuation of the
18 existence of,” Tradebay Inc. Fla. Stat. § 607.1114(1); NRS 92A.250(3)(b). All property and claims
19 owned by Tradebay Inc. at the time of the conversion, including the Tradebay Trademark and its
20 claim for declaratory judgment in this action, continue in the name of Tradebay LLC. eBay’s
21 improper attempt to detract from the real issues must be disregarded.

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

IV. CONCLUSION

For the foregoing reasons, eBay's Motion must be denied.

GLEN J. LERNER & ASSOCIATES

By: /s/ Adam D. Smith
Corey M. Eschweiler, Esq.
Nevada Bar No. 6635
Adam D. Smith, Esq.
Nevada Bar No. 9690
GLEN J. LERNER & ASSOCIATES
4795 South Durango Drive
Las Vegas, Nevada 89147

Atorneys for Plaintiff